



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

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Fifth District

November 25, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AN ORDINANCE TO EXTEND THE TERM OF PETROLEUM PIPELINE FRANCHISE
ORDINANCE NO. 10,896, AS AMENDED, GRANTED TO UNION OIL COMPANY,
AND TO PROVIDE THE FULL NAME OF THE FRANCHISEE
(ALL DISTRICTS) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the amendment to Ordinance No. 10,896, as amended, to extend the term of the petroleum pipeline franchise granted to Union Oil Company through December 31, 2004, and to provide the full name of the Franchisee.
2. Introduce, waive reading, and place on your Board's agenda for adoption the accompanying ordinance that implements the above recommendation.
3. Find that this project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to extend the term of the petroleum pipeline franchise granted to Union Oil Company to December 31, 2004, and to provide the full name of the franchisee, Union Oil Company of California (Unocal).

This extension of the term of Unocal's franchise will allow Unocal additional time necessary to comply with the County's requirements for consent to transfer petroleum pipelines to ConocoPhillips Company (ConocoPhillips), successor to Tosco Corporation (Tosco), and to Power Run Oil, LLC (Power Run).

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IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County of Los Angeles Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). The Board's consent to extend the term of this pipeline franchise is consistent with this goal.

FISCAL IMPACT/FINANCING

Unocal has paid the County a \$5,000 fee to process an ordinance to amend the franchise. The Unocal franchise generates over \$46,000 in annual franchise fees for the County each calendar year.

The base rate during the extended term of Unocal's franchise shall remain 21 cents per linear foot for pipelines of eight inches or less in nominal internal diameter, plus three cents per nominal diameter inch for each inch over eight inches. The base annual fees will be subject to an annual adjustment for inflation using the Producers Price Index.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 1974, your Board granted a 25-year Countywide petroleum pipeline franchise to Unocal. During the five years prior to the expiration date of the franchise, Unocal sold its oil and gas minerals, leases and production to Nuevo Energy Company, and began negotiations to sell its refineries, terminals, service stations and pipelines to Tosco. However, negotiations between Unocal and Tosco to clearly identify the various pipelines included in the transfer were not finalized prior to the expiration of the term of the existing Unocal franchise.

Therefore, Unocal's request for your Board's consent to transfer these pipelines and to renew Unocal's existing franchise was postponed pending completion of negotiations to transfer these pipelines to Tosco, including the LAX Pipeline that Unocal leased to Tosco in 1997 and various oil pipelines located in the Athens unincorporated area.

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The County notified Unocal that once it completes the transfer of these pipelines, the County could negotiate the renewal of Unocal's existing franchise, but until such time, Unocal should request extensions of the term of its existing franchise for periods of six months, to be requested six months in advance and submitted with a \$5,000 fee.

Accordingly, in order to allow Unocal additional time to finalize these pipeline transfers, your Board adopted ordinances to extend the term of Unocal's franchise in June 1999, December 2000, June 2002 and April 2003 (Ord. No. 10,896, amended by No. 99-0049F, No. 2000-0073F, No. 2002-0052F and No. 2003-0026F).

Phillips Petroleum Company acquired Tosco in 2001 and merged with Conoco Inc. to become ConocoPhillips in 2002. Unocal completed the transfer of its interest in the LAX Pipeline to ConocoPhillips in April 2003, and completed the transfer of various oil pipelines located in the Athens unincorporated area to Power Run in July 2003.

As directed by the County, in a letter dated July 10, 2003, Unocal requested a six-month extension of the term of its existing franchise to June 30, 2004. However, since the estimated time needed to finalize your Board's approval to grant two franchises to ConocoPhillips and amend Power Run's existing franchise may exceed this six-month period, the recommendation and accompanying ordinance requests your Board's approval of a twelve-month extension of the term of Unocal's franchise to December 31, 2004.

County Counsel has reviewed the accompanying ordinance and approved it as to form. The Audit Division of the Auditor-Controller has no objection to extending the term of the franchise. The Fire Department and Department of Public Works have reviewed the request and have no objections to extending the term of the franchise.

ENVIRONMENTAL DOCUMENTATION

The term extension of this pipeline franchise is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b) (3) of the State CEQA Guidelines.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board action will not impact or adversely affect any current services.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to forward an approved copy of this letter and the adopted ordinance to Unocal Corporation, 376 South Valencia Avenue, Brea, California 92823-6345, Attention: Mr. Jack Cierley, and forward approved copies of this letter and the adopted ordinance to the offices of County Counsel, Audit Division of Auditor-Controller, Department of Public Works, Fire Department, and the Chief Administrative Office, Real Estate Division, Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CB:RB:cc


Attachment

c: County Counsel
Auditor-Controller
Department of Public Works
Fire Department

ANALYSIS

This ordinance extends through December 31, 2004, the petroleum pipeline franchise granted to Union Oil Company by Ordinance No. 10,896, as amended. The ordinance also corrects the Franchisee's name by providing its full name, Union Oil Company of California, a California corporation.

LLOYD W. PELLMAN
County Counsel

By 
KATHLEEN D. FELICE
Senior Deputy County Counsel
Public Works Division

KDF:ia

10/29/03 (requested)

10/29/03 (revised)

ORDINANCE NO. _____

An ordinance extending through December 31, 2004, the petroleum pipeline franchise granted to Union Oil Company by Ordinance No. 10,896, as amended, and correcting the franchisee's name by providing its full name, Union Oil Company of California, a California corporation.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 1 of Ordinance No. 10,896, as amended, is hereby amended to read as follows:

Section 1. Franchise Term, Grant.

A. The right, privilege, and franchise is granted to Union Oil Company of California, a California corporation (hereinafter "Franchisee"), its successors, and assigns, through December 31, 2003~~4~~, to lay, construct, reconstruct, maintain, operate, repair, renew, change the size of, and remove or abandon in place pipes and pipelines for the collection, transportation, and distribution of oil, gas, gasoline, petroleum, wet gas, other hydrocarbon substances, chemicals, water, waste water, mud, steam, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. 9601 et seq., as it may hereafter be amended; the "Federal Water Pollution Control Act," 33 U.S.C. 1251 et seq., as it may hereafter be amended; and the "Solid Waste Disposal Act," 42 U.S.C. 6901 et seq., as it may hereafter be amended, together with all manholes, valves, appurtenances, and service

connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or convenient for the Franchisee's business, in, under, along, or across any and all highways now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles, State of California.

B. The scope of the franchise shall not be expanded without the prior approval of the Board of Supervisors.

[UnocalKDF123104]